

# PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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[www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa](http://www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa)

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## Enhanced Risk Management

As part of HUD's ongoing efforts to enhance risk management practices, a series of changes are being made to the multifamily insurance programs that will update underwriting policies, increase lender and underwriter quality, and align loan application, submission and approval standards



The following policy changes are contained in Mortgagee Letter 2010-21:

- Revised underwriting standards to raise debt service coverage ratios, lower loan-to-value and loan-to-cost ratios, increase project reserves and sponsor equity investment, and limit sponsor cash out. Underwriting ratios will be targeted to different property types based on their risk profiles, with lower ratios for subsidized affordable housing properties and higher ratios for market rate properties.

sponsor's financial stability.

- Pre-screening of proposals for early identification of transactions that are not feasible or are not likely to proceed to a commitment, allowing staff to focus on a deeper analysis of transactions that will close.

In addition to the changes outlined in the mortgagee letter, FHA's multifamily programs will be pursuing the following additional steps to update agency standards and align the programs with the Obama Administration's broader goals for financial oversight:

1. Heightened standards for lender and underwriter qualifications.
2. Update to the Multifamily Accelerated Processing underwriting guide.
3. Standardization of underwriter's narrative and application file contents.
4. National and Hub Loan Committees.
5. Multifamily Credit Watch.

You can read about all of these changes in detail, by downloading Mortgagee Letter 2010-21 at:

[www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm](http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm)

## Hub Neighborhood Network Centers

The Philadelphia Program Center has opened 6 new Neighborhood Network Centers this fiscal year- with an additional 3 in the planning stage. This gives the Philadelphia Hub, a nation-leading 245 operational Centers (with an additional 38 in planning). This total is comprised of the following state totals: PA- 156 operational & 24 planning; NJ- 57 operational & 12 planning; WV- 22 operational & 1 planning; and DE- 10 operational & 1 planning).

- Enhanced verification of property financial performance to decrease opportunities for misrepresentation and fraud.
- Expanded borrower mortgage credit analysis to include a detailed review of contingent liabilities and ballooning term debt that could undermine a



## 20th ADA Anniversary



This year marks the 20th anniversary of the passage of the Americans with Disabilities Act of 1990 (ADA). It is considered the most vital civil rights legislation for people with disabilities because it established a clear and comprehensive prohibition of discrimination on the basis of disability. It was

signed into law on July 26, 1990, by President George H. W. Bush, and later amended with changes effective January 1, 2009.<sup>1</sup>

The ADA is a wide-ranging civil rights law that prohibits, under certain circumstances, discrimination based on disability. It affords similar protections against discrimination to Americans with disabilities as the Civil Rights Act of 1964, which made discrimination based on race, religion, sex, national origin, and other characteristics illegal. Disability is defined by the ADA as "a physical or mental impairment that substantially limits a major life activity."

Title II of the Act prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. HUD enforces Title II when it relates to state and local public housing, housing assistance and housing referrals.

To read more about the ADA, see:

[www.hud.gov/offices/fheo/FHLaws/index.cfm](http://www.hud.gov/offices/fheo/FHLaws/index.cfm)

## Building Security Tips

The following actions should be taken to insure a building's security:

- Re-key or replace dead-bolt locks at turnover.
- Use 3" screws for strike plates on wood door-jamb.
- Use anti-theft devices on sliding doors/windows.
- Replace damaged or missing window screens.
- Use wide-angle, 160 degree peepholes on doors.
- Participate in and document new tenant walk-through.
- Respond quickly to tenant lock repair requests.



## Mid-Year Market Report

The Philadelphia Business Journal, in its July 12, 2010 issue, stated that "the apartment market throughout the Philadelphia region appears to have stabilized and is showing signs of strength.



Vacancy rates declined, rents rose and concessions have fallen at apartment complexes throughout Center City, the western suburbs and South Jersey. While the national apartment vacancy rate came in at 7.8%, the overall vacancy rate for the Philadelphia metropolitan area stood at 4.2%, down from 6.9% at the midpoint last year, according to Delta Associates, an Arlington, Va., real estate research firm. Rents across the metro area rose 3.8% compared with the second quarter last year.

The best showing was in Center City, where the vacancy rate dropped to 1.9% from 7.6% at the same point last year, and rents zoomed upward by 7.4% to an average of \$1,918, or \$1.88 a square foot. South Jersey also made gains, outpacing Philadelphia's western suburbs. South Jersey's vacancy rate more than halved to 4% from 8.4% and Camden County had the lowest vacancy rate at 3.4%. Monthly rents in South Jersey were also zooming upward by 4.6% to an average of \$1,316. In the western suburbs, vacancy slid down slightly to 5.4% from 6.1%."

## Working Outdoors in the Heat



During the summer months, heat stroke, heat exhaustion, cramps, and fatigue are real dangers for outdoor workers, such as maintenance men and landscapers.

The following are a few tips for preventing heat illness:

- Adjust work schedules to provide workers with a rest from the heat.
- Postpone nonessential tasks.
- Provide cool rest areas as well as shade and water for workers.
- Wear proper protective clothing.
- Ensure workers are drinking enough water to stay hydrated.
- Allow workers time to acclimate to the hot environment.
- Educate workers and supervisors to recognize heat illness and how to prevent it.

### **End of Incandescent Bulbs?**

The Energy Independence and Security Act of 2007 created higher efficiency standards targeting today's 40-100W incandescent and halogen general-service lamps. Starting Jan. 1, 2012, 100W lamps will have to become 30% more efficient or be prohibited from manufacture and import. Jan. 1, 2013 targets 75W lamps, and Jan. 1, 2014, targets 40W and 60W lamps.



The result- the virtual elimination of targeted general-service incandescent and halogen lamps in these sizes- is putting billions of sockets up for grabs. In fact, one home retailer, IKEA, began phasing out its inventory of incandescent light bulbs in U.S. stores on August 1, 2010. This recent IKEA environmental initiative has a target date of incandescent bulb elimination by January 1, 2011. This IKEA phase-out will come in advance of the federal legislation that will begin to phase out incandescent light bulbs in 2012. IKEA is taking the lead before this new legislation takes effect.

So the bulb is being effectively banned, and we all soon will be exclusively using compact fluorescent lamps (CFLs), right? Everybody knows this. It has been all over the news. Except that it's not true. Consumers will continue to have choice. What are the options? The Act certainly appears to favor CFLs, which produce comparable light output in a choice of color tones and for a fraction of the energy. CFLs already are enjoying a fast adoption rate. Last year, nearly 300 million were sold, taking 20% of the bulb market, up from 5% in 2005. If you're looking to maximize energy savings, choose CFLs.

Not everybody is a fan of these lamps, however. They don't fit every fixture and aren't suitable for many recessed fixtures. They require special models if you want them to dim, and dimming control manufacturers complain about dimming lamp performance. They don't start instantly, and they contain mercury—a negligible amount according to the EPA, but enough to warrant recycling and special precautions in the event of breakage.

Incandescent diehards will be looking for the act's exemptions, but if these loopholes get too popular, the affected lamp types likely will become targeted by regulation.

Another alternative that actually saves energy is using general-service lamps that already comply, such as Philips' Halogená Energy Saver lamps, available to the U.S. consumer market through Home Depot. These screw-in halogen lamps are produced in 40W, 50W and 70W models to replace 60W, 75W and 100W incandescent lamps, respectively, for about 30% energy savings and nearly 10% less light output. According to research conducted for the California Energy Commission, dimming effectively reduces input watts by an average 20%.

General Electric Co., which has a significant stake in the incandescent business, is working on a high-efficiency incandescent (HEI) lamp, aiming for an approximate doubling of average incandescent efficacy to 30 lumens/watt by late 2009 or early 2010. The HEI is expected to reach 60 lumens per watt in the second generation.

GE isn't alone in its plans to raise the efficiency of the incandescent light bulb. Advanced Lighting Technologies' (ADLT) recent acquisition of the lighting technology division of Schott AG, Auer Lighting, has enabled introduction of a new Nano Film Capsule technology for its own energy-efficient incandescent "hybrid" bulb that can at least double the efficacy of today's incandescents, according to the company.

What about light-emitting diodes? A-lamp replacement LED lamps promised high energy savings but bombed in Department of Energy CALiPER product testing in 2007. Just because a product is LED doesn't necessarily mean it's energy-efficient. But do not count the LEDs out. The Act created a \$10 million prize for an LED general-service lamp that can replace today's 60W incandescent bulbs while meeting certain performance criteria. The technology is moving fast. The act says efficiency must increase to at least 45 lumens per watt by 2020 at the latest, again putting billions of sockets up for grabs. But with continued advances in lighting technology- including potential future developments in OLED technology, raising possibilities of "lighting wallpaper"- contractors and their customers may continue to enjoy choice in residential lighting far into the future.

### **More Renters**



A new industry study has predicted that foreclosures and the economy could result in a homeownership rate of 62%, as early as 2012- the lowest level in 50 years. This fact and more stringent financing requirements may result in a large pool of families, especially low-income, seeking rental housing.

### Energy Pledge

The Dept. of Energy has been running a campaign for the past two years to encourage individuals to take action to reduce their energy use.



Nationally, 2,631,093 individuals have made pledges. This has resulted in a reduction of 8,337,596,674 lbs. of greenhouse gas emissions and a savings of 5,142,643,981 kWh.

The pledges of individuals, within our Hub's four-state area, are as follows:

#### **NJ**

128,685 individuals  
493,299,622 lbs. of greenhouse gas emissions  
\$36,226,136 savings  
308,197,253 kWh  
542,924 CFC light bulbs

#### **PA**

43,413 individuals  
161,417,590 lbs. of greenhouse gas emissions  
\$12,287,776 savings  
97,700,872 kWh  
193,710 CFC light bulbs

#### **DE**

77,482 individuals  
81,015,788 lbs. of greenhouse gas emissions  
\$5,818,712 savings  
52,145,382 kWh  
163,563 CFC light bulbs

#### **WV**

6,601 individuals  
18,354,122 lbs. of greenhouse gas emissions  
\$1,367,568 savings  
11,358,965 kWh  
28,105 CFC light bulbs

You, too, can take the pledge! See:

[www.energystar.gov/index.cfm?fuseaction=globalwarming.showPledge](http://www.energystar.gov/index.cfm?fuseaction=globalwarming.showPledge)

### Youth Mentoring Program

A donation was made by the John S. Watson Lodge #23 to the Wister Townhouses Youth Mentor/Enrichment Program. The donation will be used to help fund a unique youth mentoring program that has been in existence for over 20 years.



The program is a six-week enrichment program that offers structure and responsibility to youth ages 7-13 who reside at Wister Townhouses in the Germantown section of Philadelphia. The children are given class work and homework assignments in math, reading, and science as part of the enrichment program, as well as having access to the Neighborhood Network Center's computer lab. During the six-week program, mentors such as doctors, lawyers, entrepreneurs, musicians come to the center to mentor the children. Towards the end of the program, the children go on an educational trip and receive back-to-school packages.

Wister Townhouses is a 200-unit PHFA Section 8-assisted project that is managed by Interstate Realty Management Company.

### Waterfront Condominiums

When the Waterfront Square Condominium and Spa project is completed, 1,000 units will come online in the City of Philadelphia. As of now, two phases have been completed, which include three buildings. Construction on the third phase, however, hasn't begun, because of the current 10.3-month absorption rate (for a balanced market it should be a 5-7 months).



Waterfront Square is located across 9.5 acres on the banks of the Delaware River and is the city's only gated waterfront property. It offers hotel-style amenities, around-the-clock concierge service and valet parking. Owing to the economic downturn, Waterfront Square's most recently completed building- the third tower, The Reef- is now on the market for 30-49% off original prices. Prices start at \$318,500 and go all the way to \$3.3 million for the bi-level penthouse.

All the buildings are situated around Philadelphia's largest green roof, with an expansive and manicured park, as well as a private putting green.



### Fire Alarm Systems

Studies have shown that some people often ignore fire alarm systems. This is attributable to the following:

- Failure to recognize the system.
- Unaware of proper response.
- Ignoring “nuisance” alarms.
- Failure to hear the signal.



To insure that your fire alarm is capable of performing its intended function, you should insure the following:

- Select and install the appropriate automatic fire detection equipment.
- Insure that voice alarm systems are installed to advise occupants of the nature of the problem, what they need to do, and how they need to do it.
- Insure that everyone can hear and understand the evacuation signal and the voice messages.
- Have an emergency evacuation plan in place and conduct periodic exit drills.
- Use a fire protection engineer to evaluate your fire alarm system to determine if the system needs to be upgraded or replaced.

### Elderly Sleep Habits

Did you know that your elderly tenants require less sleep than younger tenants? Research has shown that even with less sleep, seniors may be less likely to feel tired during the day. These recent findings will, no doubt, be welcome news for older adults who find that they are getting less sleep as they age.



In fact, those aged 66 to 83 years sleep about 20 minutes less per night than middle-aged adults (40-55 years), who sleep 23 minutes less than young adults (20-30 years). Moreover, older adults were found to sleep less deeply and wake up more often, but they showed less need for a daily nap.

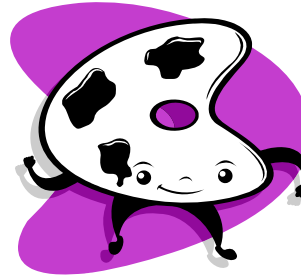
### Senior Health Facts

According to a survey conducted by the NJ Dept. of Health and Senior Services, senior citizens face the following health problems:

- 25% are in fair or poor Health.
- 65% are overweight or obese.
- 52% have high blood pressure.
- 35% have not engaged in leisure time activity in the last 30 days.
- 74% consume less than 5 servings of fruit and vegetables daily.



### NAHMA Calendar Contest



Congratulations to Virginia Cashner, a senior resident at Century Village in Lewisburg PA, whose poster, “I Can Do Anything I Believe,” was an Honorable Mention Winner in the national NAHMA 2011 Calendar Contest.

As an honorable mention, her art will appear in the NAHMA 2011 “Drug-Free Kids” calendar along with her name, age, city, state, the name of her AHMA (PennDel AHMA) and the name of the company that manages the apartment community where she lives (ME Management, LLC).

In addition, she will be receiving a \$100 educational scholarship, by the NAHMA Educational Foundation, for purchasing or funding a project for the residents of Century Village (i.e., books or appliances for community library or community room, garden bench, sculpture, or other appropriate items).

### Reusable Water Facts



A roof in a region receiving 30 inches of annual rainfall generates 37,500 gallons of reusable water.

One inch of rainfall on a 2,000 sq. ft. roof equals 1,250 gallons of water.

### **Rebirth of a Mansion**

The vacant Zurbrugg Mansion, located in Delanco, NJ, on the Delaware River, that was built in 1910, has been reborn as senior housing by Grapevine Development.



A lottery drawing was held last month for prospective renters of 27 units of affordable housing in the newly renovated mansion. Efficiency and one-bedroom units will be available in September 2010. There are 10 living units on the second and third floors of the main mansion and 17 others in an expanded annex that existed previously. The project will be managed by Lutheran Social Ministries.

The lobby, dining room, and library on the first floor—built in the Greek Revival Style with columns of Italian granite—will be used by residents as common areas and by the township for meetings or special events.

As part of the required exterior restoration, the mansion's brick was re-pointed, some of its roofs replaced, and the terra cotta repaired.

The next phase of the project will involve the restoration of the historic Carriage House and its conversion to a single-family home, as well as the construction of 8 townhomes on surrounding property, to be known as Riverwalk on the Delaware.

The state Department of Community Affairs contributed \$2 million, while Burlington County approved a \$500,000 federal HOME fund loan for the renovations. The project was also reviewed and approved by the National Park Service because it is on the National Register of Historic Places.

### **LIHTC Project**

The Pennsylvania Housing Finance Agency has awarded 1260 Housing Development Corp. an allocation of low income housing tax credits for the Temple II North Gratz project. The equity generated from the credits, in addition to historic tax credits, will provide \$11,066,825 in funding to support the preservation of 40 units of affordable housing on the 1500 block of North Gratz Street in North Philadelphia. Funding from the City of Philadelphia, the Federal Home Loan Banks of Pittsburgh and New York, and a conventional mortgage is also in place. It is anticipated that closing on all funding sources will take place in the fall and construction

will be completed in late 2011.

### **Jersey City Brownfield Development**

Hoboken Brownstone Co. has unveiled plans for Van Leer Place, a seven-acre brownfield redevelopment. The site will become a mixed-use property of more than 400 multifamily residences and 7,500 square feet of retail space with numerous sustainable features. The site previously was home to the former Van Leer Chocolate Factory in Jersey City.



The residences at Van Leer Place will be housed in two six-story buildings adjacent to one another. In addition to the buildings themselves, the transit-oriented community will feature a New Jersey Transit pedestrian walkway to the Second Street Hudson-Bergen Light Rail Station in Hoboken. The developer will also create a new park on the site.

A number of energy-saving technologies will be incorporated into the project, such as a mass wall concrete system (autoclaved aerated concrete) that will form a thermally efficient building enclosure. The building also will be designed to demonstrate insulative mass wall (IMW) technology and energy recovery ventilation (ERV). In addition, there will be a geothermal test well at Van Leer Place that will demonstrate the energy potential and efficiency of that technology as an integrated alternative energy delivery system in dense urban settings. With all of these elements integrated into one design, Hoboken Brownstone asserts that it can produce a building capable of 50% to 90% energy savings when compared to standard buildings. Utility bills are expected to be 50% to 80% less than a similar conventional building.

The project will be developed with assistance from power utility PSE&G's Energy Efficiency Economic Stimulus Program. A \$3.6 million grant was awarded to the developers by PSE&G as part of the program, which has been approved by the New Jersey Board of Public Utilities to promote energy efficiency and to stimulate economic growth and job creation.

### **Loan Closings**



The following loans closed in July 2010: Insured— PA: Leechburg Gardens; and Section 811— DE: Mother Teresa House.